

TENNESSEE GENERAL ASSEMBLY  
FISCAL REVIEW COMMITTEE



**FISCAL NOTE**

**SB 1859 - HB 2278**

February 2, 2018

**SUMMARY OF BILL:** Changes, from May 1 of each year to November 1 of each year, the date by which holders of abandoned property must report to the Treasurer beginning with reports for property held for the period of January 1, 2018, through June 30, 2019, being due November 1, 2019.

**ESTIMATED FISCAL IMPACT:**

**Decrease State Revenue – \$45,000,000/FY18-19**

**Increase State Revenue – \$22,500,000/FY19-20**

Assumptions:

- Reports for property held January 1, 2017, through December 31, 2017, will be due May 1, 2018.
- There will be no reporting deadline in FY18-19.
- Due to reporting due dates being changed to November 1 for all property held in calendar year 2018, it is assumed certain property holders will not report abandoned property held in calendar year 2018 until FY19-20.
- Certain properties that would have otherwise been reported to the Treasurer in FY18-19 will not be reported until FY19-20; this will result in a decrease in state revenue to the General Fund in FY18-19.
- Based on information provided by the Department of Treasury (Treasury), the one-time decrease in state revenue to the General Fund in FY18-19 is estimated to be \$45,000,000.
- The first November 1 collection date will be in November 2019 (FY19-20) and will cover an 18-month period of unclaimed property reports from January 1, 2018, through June 30, 2019; the \$45,000,000 that would have been collected in FY18-19 under current law will instead be collected in FY19-20 under the provisions of this legislation.
- In addition, half of the property that would have been collected in FY19-20 under current law, or approximately \$22,500,000 (\$45,000,000 x 50%), will continue to be collected in FY19-20 under the provisions of this legislation. However, the remaining half, or \$22,500,000, that would have been collected in FY19-20 under current law, will instead be collected in FY20-21 under the provisions of this legislation.

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- Total collections to the General Fund in FY19-20 are anticipated to be \$67,500,000 (\$45,000,000 + \$22,500,000) under the provisions of this legislation; resulting in a total increase in state revenue to the General Fund in FY19-20 of \$22,500,000 (\$67,500,000 under this legislation - \$45,000,000 under current law).
- In FY20-21 and subsequent years, there will be an increase in state revenue equal to half, or \$22,500,000, of what would have been collected under current law and a corresponding decrease in state revenue equal to half, or \$22,500,000, of what would have been collected under current law due to the change in the reporting date. This will continue into perpetuity. Therefore, the net impact in FY20-21 and subsequent years is estimated to be not significant.

## **IMPACT TO COMMERCE:**

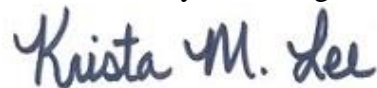
**Other Commerce Impact – Businesses may experience an increase in expenditures related to holding property for longer periods of time in FY18-19 and FY19-20 as a result of this legislation. Any such impact on business expenditures is dependent on multiple unknown factors and cannot be reasonably determined.**

Assumption:

- Businesses may experience an increase in expenditures related to holding property for longer periods of time in FY18-19 and FY19-20 as a result of this legislation. Any such impact on business expenditures is dependent upon multiple unknown factors and cannot be reasonably determined.

## **CERTIFICATION:**

The information contained herein is true and correct to the best of my knowledge.



Krista M. Lee, Executive Director

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